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United States District Court

District of South Carolina

Florence Division

Alexis Degidio, Individually and on Behalf All

Others Similarly Situated,

Plaintiffs,

Vs.

Case No.: 4:13-CV-02136-BHH

Crazy Horse Saloon and Restaurant, Inc.,

d/b/a Thee New Dollhouse,

Defendant.

v.

Joseph B. Hargadon,

Third Party Defendant,

The Video Deposition of: Brent Clark

Location: 1601 Oak Street,

Myrtle Beach, South Carolina

Date: Tuesday, October 28, 2014

Time: 10:22 a.m. - 12:31 p.m.

Court Reporter: Erica Norwood

The deposition is taken pursuant to notice and/or agreement, in the above-entitled cause pending in the above-named court and pursuant to the Federal rules of civil procedure.

<div>1 APPEARANCES</div> <div>2 For the Plaintiffs:</div> <div>3 Carlson, Lynch, Sweet and Kilpela, L.L.P.</div> <div>4 115 Federal Street, Suite 210</div> <div>5 Pittsburgh, PA 15212</div> <div>6 By: Jamisen A. Etzel, Esq.</div> <div>7 Edwin J. Kilpela, Jr. Esq.</div> <div>8</div> <div>9 For the Defendant Crazy Horse Saloon,</div> <div>10 d/b/a Thee New Dollhouse:</div> <div>11 Jackson, Shields, Yeiser and Holt</div> <div>12 262 German Oak Drive</div> <div>13 Memphis, TN 38018</div> <div>14 By: James L. Holt, Esq.</div> <div>15 - and -</div> <div>16 William Paul Young, Esq., P.A.</div> <div>17 418 Main Street, Suite A</div> <div>18 Post Office Box 4213</div> <div>19 North Myrtle Beach, SC 29582</div> <div>20</div> <div>21 For the Third Party Defendant Joseph Hargadon:</div> <div>22 Johnny Gardner Law Group, P.A.</div> <div>23 1601 Oak Street, Suite 201</div> <div>24 Myrtle Beach, SC 29577</div> <div>25 By: William James Luse, Esq.</div> <div>Also Present: Gwenda Smith</div> <div>Laura Watson</div> <div>INDEX</div> <div>page</div> <div>Examination by Mr. Etzel 5</div> <div>Examination by Mr. Luse 99</div> <div>[Page 2]</div>	<div>1 STIPULATIONS</div> <div>2 It is stipulated among counsel that this</div> <div>3 deposition is being taken pursuant to the Federal</div> <div>4 rules of civil procedure and that all objections</div> <div>5 except as to the form of the question are reserved</div> <div>6 until the time of trial.</div> <div>7 It is also stipulated among counsel for</div> <div>8 the respective parties and the deponent that the</div> <div>9 deponent will waive the right to read and sign</div> <div>10 this transcript.</div> <div>11 Thereupon,</div> <div>12 THE VIDEO TECHNICIAN: This is the</div> <div>13 video taped deposition of Brent Clark taken in the</div> <div>14 matter of Degidio versus Crazy Horse,</div> <div>15 Thee New Dollhouse, in the United States District</div> <div>16 Court for the District of South Carolina,</div> <div>17 Florence Division. This deposition is being held</div> <div>18 at Johnny Gardner Law Group, P.A., on</div> <div>19 October 28, 2014. My name is Gwenda Smith from</div> <div>20 U.S. Legal Support, and I am the video technician.</div> <div>21 The court reporter today is Erica Nor--- Norwood</div> <div>22 also from U.S. Legal Support. We are going on the</div> <div>23 record at 10:22 a.m. Counsel will now -- now</div> <div>24 state their appearances for the record,</div> <div>25 plaintiff's attorney first, please.</div> <div>[Page 4]</div>
<div>1 EXHIBITS</div> <div>2 Plaintiffs':</div> <div>3 Pg/Ln Ex. Description</div> <div>4 Premarked 1 Ad for Thee Dollhouse</div> <div>5 Premarked 2 Lace Website Page</div> <div>6 Premarked 3 Sign-In Sheets</div> <div>7 Premarked 4 Sign-In Sheets</div> <div>8 Premarked 5 V.I.P. Room Rates</div> <div>9 Premarked 6 Web Cam Form</div> <div>10</div> <div>11</div> <div>12</div> <div>13</div> <div>14</div> <div>15</div> <div>16</div> <div>17</div> <div>18</div> <div>19</div> <div>20</div> <div>21 ** uh-huh = affirmative</div> <div>22 huh-uh = negative</div> <div>23</div> <div>24</div> <div>25</div> <div>[Page 3]</div>	<div>1 MR. ETZEL: Jamisen Etzel of</div> <div>2 Carlson, Lynch, Sweet and Kilpela in Pittsburgh,</div> <div>3 Pennsylvania. And I represent the plaintiff.</div> <div>4 MR. KILPELA: Ed -- Ed Kilpela from</div> <div>5 Carlson, Lynch, Sweet and Kilpela also for</div> <div>6 plaintiff.</div> <div>7 MR. HOLT: James L. Holt, Junior, I'm</div> <div>8 an attorney for defendant Crazy Horse Saloon and</div> <div>9 Restaurant, Inc.</div> <div>10 MR. YOUNG: William Paul Young,</div> <div>11 attorney for the defendant Crazy Horse Saloon and</div> <div>12 Restaurant.</div> <div>13 MR. LUSE: William Luse, Law Office of</div> <div>14 William Luse, attorney for third party defendant,</div> <div>15 Joseph Hargadon.</div> <div>16 THE VIDEO TECHNICIAN: Will the court</div> <div>17 reporter please swear in the witness.</div> <div>18 Thereupon,</div> <div>19 Brent Clark,</div> <div>20 having been first duly sworn by the court</div> <div>21 reporter, testified as follows:</div> <div>22 EXAMINATION</div> <div>23 BY MR. ETZEL:</div> <div>24 Q Okay, Mr. Clark, my name is</div> <div>25 Jamisen Etzel. I'm an attorney. I represent</div> <div>[Page 5]</div>

<p>1 A And their physical appearance would 2 kind of roll into how they're dancing. 3 Q Okay. It's sort of -- 4 A It's -- 5 Q -- a total package then. 6 A Correct. 7 Q Okay. Do you ever recall telling a 8 manager at the club, or anyone else, that a 9 dancer's performance on stage was unacceptable 10 based on the -- just the way she was dancing? 11 A I don't think I ever have. 12 Q Okay. So what you're saying is, 13 whenever you talk to managers and other employees 14 about the entertainers and you're critiquing 15 that -- 16 A Uh-huh. 17 Q -- historically, that's always been 18 about their physical appearance, right? 19 MR. HOLT: Object to form. 20 THE DEPONENT: I'm a little confused on 21 the question. 22 BY MR. ETZEL: 23 Q Okay. Do you -- do you think you've 24 ever criticized a dancer for anything other than 25 physical appearance?</p> <p style="text-align: right;">[Page 30]</p>	<p>1 all the other entertainers on stages. That gives 2 her an advantage over the other entertainers to be 3 seen by the guests in the room. So in -- it 4 enhances her ability to possibly get a dance with 5 a guest. 6 Q Uh-huh. 7 A So by doing a rotation, it puts them 8 up -- and, again, repeating myself, an opportunity 9 to be seen by all. 10 Q Uh-huh. Now, as part of the brand, 11 though, is it an expectation that when customers 12 walk in the door, they will see at least some 13 dancers on the stage? 14 A Well, yeah, there are stages there, so 15 they need to be occupied. 16 Q Okay. So the rotation system is set up 17 both so dancers get an opportunity to be up there 18 and be seen and also -- 19 A Uh-huh. 20 Q -- because the -- the brand -- the club 21 wants there to be dancers on stage because it's a 22 nightclub, right? 23 A Would like to have an entertainer on 24 stage, but that's not always feasible. 25 Q What do you mean by that?</p> <p style="text-align: right;">[Page 32]</p>
<p>1 A Maybe her personality wasn't up to 2 snuff or she wasn't hospitable. 3 Q Uh-huh. 4 A I mean, that's what they're there -- 5 that's their -- that's their -- that's their 6 wear -- 7 Q Uh-huh. 8 A -- and that's what they -- I -- I 9 don't -- I don't get into -- 10 Q Okay. As far as -- 11 A -- their -- 12 Q As far as the -- Thee Dollhouse 13 brand goes, there's no particular way they have to 14 dance on stage, is there? 15 A No. 16 Q Okay. Now, I've heard other people 17 tell me this. That when they dance on stage, 18 there's sort of like a -- a rotation. Do you know 19 anything about that? 20 A Yes. 21 Q Okay. Can you explain to me how the 22 rotation system works? 23 A Basically what we do, we allow the 24 entertainers -- well, not allow, but we give the 25 entertainers the opportunity to be elevated above</p> <p style="text-align: right;">[Page 31]</p>	<p>1 A Well, what if you don't have an 2 entertainer to go up on stage. There's four 3 stages. 4 Q Uh-huh. 5 A If you don't have enough girls to fill 6 out stages -- maybe you only have one on one 7 stage, so that means three are empty. And when 8 they come in to work, we'll call them to stage. 9 If they come to stage, they come to stage. If 10 they don't, they don't. 11 Q Uh-huh. 12 A It's their option. 13 Q But do you think it would negative -- 14 negatively impact the club's reputations if, you 15 know, most of the night there weren't dancers on 16 stage? 17 A Well, that's kind of board. I mean, 18 how many entertainers are you talking about on the 19 floor that night. Is there one, is there 50. If 20 you've got 50 girls sitting around the room, I 21 mean, obviously, they could be entertaining. 22 Q Have you ever observed a night where 23 there was only one dancer in the club? 24 A Which club you talking about? 25 Q Thee Dollhouse -- Thee New Dollhouse.</p> <p style="text-align: right;">[Page 33]</p>

<p>1 rotation, we increase the house fee based on a 2 limited space and availability -- 3 Q Uh-huh. 4 A -- in the room. So what we did is 5 created a slide -- sliding house fee. Prior to 6 seven p.m., there is no house fee. Because at 7 that time of night, it's a little bit easier for 8 us to get all the girls prepared for the night 9 because the brunt of the business comes in 10 somewhere between 10, 11, 12 at night. 11 Q So from the -- the club's perspective 12 and from the brand's perspective, the function of 13 the nightclub is easier if the dancers arrive 14 earlier in the night. Is that correct? 15 A I would say that, and it also gives 16 them an opportunity to make more money because 17 they're in the room selling their wares? 18 Q Uh-huh. Do you know who co--- who 19 collects the house fee? 20 A For -- for ease purposes, we -- the 21 club has Laurie, or whatever house mom is working 22 that particular day, to collect the fees for the 23 club. 24 Q Do you ever participate in the hiring 25 of entertainers?</p> <p style="text-align: right;">[Page 42]</p>	<p>1 an outside source for attire. When she gets 2 dressed with what she has to -- we -- we audition 3 them, and we put them out on the side stage to 4 audition them. And, technically, the manager and, 5 I don't know, maybe the assistant manager may 6 review her and feel, okay, does she fit the mold 7 of what we feel is -- is -- is the quality for 8 Thee Dollhouse. 9 Q Okay. Are there any things that you, 10 specifically, told them or unacceptable in -- in a 11 dancer that is, you know, applying to work 12 there -- automatic disqualification? 13 A Well, there's a never automatic 14 disqualification because everyone is individual 15 and everyone is unique. So I can't say yes. I 16 would say no. 17 Q How about like tattoos, is there a rule 18 about how many tattoos they could have? 19 A Well, we don't have a rule on how many 20 tattoos they have, but if we feel that it's 21 overwhelming and distracting from their 22 performance, then we have a -- give them the 23 opportunity to do makeup cover on their tats. 24 Q Okay. What about dancers who are 25 visibly pregnant? Is that against the brand?</p> <p style="text-align: right;">[Page 44]</p>
<p>1 A I may give an opinion or two or 2 somebody -- entertainer that I know that works at 3 a -- another facility somewhere else in the 4 United States that I may recommend. 5 Q Okay. 6 A But I don't make the decision of 7 whether or not she's going to entertain that night 8 or not. 9 Q Who does that? 10 A That would be Jack or John. 11 Q Okay. 12 A The G.M.'s. 13 Q And have you given them guidance as to 14 what they should be looking for when they're 15 reviewing a perspective entertainer? 16 A Oh, absolutely. 17 Q What kinds of things have you told them 18 to look for? 19 A Well, first of all, it's the -- the -- 20 the girl's presentation when she comes in the 21 facility. Does she look -- does she look clean. 22 Does her nails look clean. Does -- is her hair -- 23 you know, what's her outfit. If she has the 24 proper outfit. If she doesn't then, like I say, 25 we can direct her upstairs, or direct her to a --</p> <p style="text-align: right;">[Page 43]</p>	<p>1 A I -- I -- there's -- nine months of 2 pregnant. What month are you talking about? 3 Q When you can tell just by looking at 4 the dancer that she's very likely to be pregnant. 5 A I -- I -- I don't make that 6 determination. 7 Q Okay. But would it be the brand's 8 preference that, you know, very pregnant women do 9 not dance at the club? 10 A When a woman is in her final stages, I 11 think it wouldn't be wise to have them up 12 entertaining on the stage, I mean, from a safety 13 standpoint and such. 14 Q Uh-huh. Are dancers required to tip 15 anybody else in the club? 16 A Well, they're not required to tip 17 anyone. But there's a suggested minimum tip 18 that -- three parts of the club would participate 19 in if they were willing to par--- you know, 20 participate in it. 21 Q And what are those three parts? 22 A The house mom, the D.J., and the floor 23 staff. 24 Q And what are the suggested minimums? 25 A This -- the house mom's suggested</p> <p style="text-align: right;">[Page 45]</p>

<p>1 minimum is 10 dollars. The D.J.'s suggested 2 minimum is 10 dollars. And the floormen's 3 suggested minimum is two dollars per floorman. 4 Q How long has that been the suggested 5 structure? 6 A At the Crazy Horse -- Dollhouse? 7 Q Yes. 8 A That was implemented in -- ooh, that's 9 a good question. I would have to say maybe 10 sometime between March and September of '12. 11 Q So -- 12 A During that transitional period because 13 the Crazy Horse had prior structure that I'm -- 14 I'm not aware of. 15 Q Okay. So as part of the new 16 structuring -- 17 A Uh-huh. 18 Q -- who was it that brought these rules 19 and structures to the -- the Crazy Horse building 20 as part of the conversion? 21 A Okay. Part of the management team from 22 the old Dollhouse came up to the new location, and 23 part of it stayed at the old location. The 24 manager that came up only -- or implemented what 25 was already existing at the previous location. So</p> <p style="text-align: right;">[Page 46]</p>	<p>1 A We have a strong brand name. 2 Q Is there a place on the website where 3 dancers can -- perspective dancers can get 4 information about how they could come to dance at 5 the club? 6 A Oh, yeah. I mean, we have a 7 entertainer page, inquiry page, and they can 8 submit an inquiry. 9 Q Uh-huh. Are you aware that 10 Laurie Callicutt also does some advertising on the 11 internet for dancers at Thee Dollhouse. 12 A Yeah, I think she does and puts some 13 information out through her -- 14 Q Uh-huh. 15 A -- her -- her Facebook page. 16 Q Have you ever seen her personal 17 website? 18 A Not really. I haven't paid attention 19 to it. 20 Q Okay. I'm going to hand you this, 21 Exhibit 2. And this was taken from her website. 22 You can see at the top where -- 23 A Uh-huh. 24 Q -- she has her heading on there. 25 A Uh-huh.</p> <p style="text-align: right;">[Page 48]</p>
<p>1 those formats were just kind of melded over to the 2 new location until the floor management staff came 3 over in September of '12. 4 Q Okay. And were you overseeing these 5 rules and structures as this process was 6 occurring? 7 A I -- I have -- I personally advised 8 them, as represented my company, to utilize the 9 preexisting Dollhouse format structures as we move 10 forward because we knew, eventually, the name 11 would take its own identity and not be Crazy -- 12 Crazy Horse Presents Thee Dollhouse. 13 Q Right. 14 A So there was a merging of formats and 15 such; i.e., the building might not warrant a 16 certain format that the other building -- 17 Q Uh-huh. 18 A -- could -- could warrant. So then you 19 have to make a compromise, obviously. 20 Q Okay. I'm going to show -- well, first 21 let me ask you something. 22 A Uh-huh. 23 Q How -- if -- if any, how are the 24 dancers recruited or, you know, alerted to the 25 opportunity to come and dance at Thee Dollhouse?</p> <p style="text-align: right;">[Page 47]</p>	<p>1 Q So have you ever seen this specific 2 page before? 3 A No. 4 Q Okay. I just want you to take a minute 5 and read through it real quickly. It's not very 6 long. So just, you know, read what's on the page. 7 A Okay. 8 Q Okay. So you just read this. Is this, 9 to you, basically an advertisement to perspective 10 dancers for Thee Dollhouse? 11 A Is this a tweet? 12 Q No, this is just on a website. This is 13 not a tweet. 14 A How come it says, house mom Laurie 15 tweets. 16 Q Yeah, that's -- I think that's a link 17 that you can follow to go to -- 18 A Okay. 19 Q -- her Twitter. But this specific page 20 is just a website page. 21 A Uh-huh. And nobody's commissioned her 22 to do this -- 23 Q Uh-huh. 24 A -- from the Crazy Horse or either from 25 myself or from the brand.</p> <p style="text-align: right;">[Page 49]</p>

[13] (Pages 46 to 49)

<p>1 Q Uh-huh.</p> <p>2 A She took it on her own initiative to</p> <p>3 reach out to her followers.</p> <p>4 Q Okay.</p> <p>5 A And that's what Facebook is, you know,</p> <p>6 you accept to follow her or you don't.</p> <p>7 Q Uh-huh.</p> <p>8 A So it's a voluntary follow.</p> <p>9 Q Right. Do you see the phone number</p> <p>10 there? Do you have any idea what that phone</p> <p>11 number is? Is that her phone number, or is that</p> <p>12 the club's phone number?</p> <p>13 A That's the club's phone number.</p> <p>14 Q Okay.</p> <p>15 A Uh-huh.</p> <p>16 Q Now that you've seen this, would you</p> <p>17 tell her not to do stuff like this? Is this</p> <p>18 against the -- the brand's image, standards?</p> <p>19 A I've looked at it for a whole 30</p> <p>20 seconds. I -- I can't make that determination</p> <p>21 right now. I'd have to digest it, and really</p> <p>22 review it, and see if it's something I would tell</p> <p>23 her to not do, or -- or to do, or maybe to tweak</p> <p>24 it.</p> <p>25 Q Okay. Can you read the fourth sentence</p> <p style="text-align: right;">[Page 50]</p>	<p>1 A Nothing.</p> <p>2 Q There's no consequence whatsoever?</p> <p>3 A Nope.</p> <p>4 Q So why -- why do any dancers actually</p> <p>5 do these tip outs?</p> <p>6 A Because it -- it's support staff. It's</p> <p>7 people that help them look better to as---</p> <p>8 approach guests easier. It's -- why do you tip</p> <p>9 a -- a waiter that brought you food that you're</p> <p>10 going to pay for. You don't -- you're not</p> <p>11 required to tip them.</p> <p>12 Q Uh-huh.</p> <p>13 A But you do it out of generosity.</p> <p>14 Q Isn't the house mom collecting fees</p> <p>15 from the dancers, though? House fees.</p> <p>16 A That has nothing to do with her.</p> <p>17 Q Right. But, I mean, what -- what</p> <p>18 service is the house mom doing for the dancers?</p> <p>19 A She assists the club to make sure that</p> <p>20 they are dressed accordingly. She's -- she's like</p> <p>21 a -- a den mom. She's up there keeping the peace</p> <p>22 amongst -- I mean, you put 80 girls together,</p> <p>23 you're going to have some issues if you don't have</p> <p>24 somebody refereeing.</p> <p>25 Q Is she a club employee?</p> <p style="text-align: right;">[Page 52]</p>
<p>1 down? It says, set your own schedule and work</p> <p>2 flexible hours with opportunities for free house</p> <p>3 fees and low minimum tip outs. Is that correct?</p> <p>4 A That's what she wrote there.</p> <p>5 Q Right. Why would she say, low minimum</p> <p>6 tip outs if there were no minimum tip outs?</p> <p>7 A You probably would ask her. I -- I</p> <p>8 don't know what her -- it's not -- it's not</p> <p>9 something that I -- again, engaged her to do.</p> <p>10 Q Uh-huh.</p> <p>11 A So that's her opinion. And I'm not at</p> <p>12 the capacity to answer her opinion of why she put</p> <p>13 it there.</p> <p>14 Q Okay. But it doesn't say no minimum</p> <p>15 tip outs, right? It says low, right?</p> <p>16 A According to what you gave me, it</p> <p>17 says, opportunities for free house fees and low</p> <p>18 minimum tip outs. Yeah, that's what she wrote on</p> <p>19 her Facebook page.</p> <p>20 Q Now, you characterize the tip outs as</p> <p>21 suggestions.</p> <p>22 A Right.</p> <p>23 Q What happens if a dancer doesn't follow</p> <p>24 the suggestion ever, and never tips anybody at the</p> <p>25 club?</p> <p style="text-align: right;">[Page 51]</p>	<p>1 A She -- she gets a paycheck from the</p> <p>2 club, I believe, yes.</p> <p>3 Q Do you know how long she's been a club</p> <p>4 employee?</p> <p>5 A I'm going to have to say</p> <p>6 September, 2012.</p> <p>7 Q Okay. Do you know what she gets paid?</p> <p>8 A I don't know right off the top of my</p> <p>9 head.</p> <p>10 Q Okay. How about the D.J.? Is the D.J.</p> <p>11 a club employee?</p> <p>12 A He -- he -- he receives a paycheck</p> <p>13 also.</p> <p>14 Q Do you know what he gets paid?</p> <p>15 A Not off the top of my head.</p> <p>16 Q If I told you that D.J.'s got paid,</p> <p>17 roughly, 60 dollars per shit by the club, does</p> <p>18 that sound about right to you?</p> <p>19 A I haven't looked at it to be honest</p> <p>20 with you, sir.</p> <p>21 Q Okay. So as part of your participation</p> <p>22 with the club, you don't have direct involvement</p> <p>23 in who's getting paid what by the club?</p> <p>24 A I don't -- I don't, personally, set the</p> <p>25 rates. I think it's what the market rate is or</p> <p style="text-align: right;">[Page 53]</p>

[14] (Pages 50 to 53)

<p>1 if you go to any club in that area. So that's their 2 starting point. So for us to set a basis of a 3 minimum to protect the entertainer for the guest to 4 know what he's expected to pay at least, we base it 5 on that time. So if the entertainer was to do five 6 songs in the individual chair at 20 a song, that 7 would come out to a 100 dollars, okay?</p> <p>8 This is an enticement for her to utilize 9 the rooms, and an enticement for the guest because 10 he gets more time, technically, because he's not 11 paying by the song. Because that song, again, may 12 be a four song. It may be a five song. And we try 13 not play dark side of the moon or anything like that 14 where it ends up being one song.</p> <p>15 Q Right. 16 A Okay. 17 Q So this structure, is this something 18 that you brought with the -- Thee Dollhouse brand, 19 or is this something that was in -- in place at 20 Crazy Horse before?</p> <p>21 A I do not even know what the structure 22 was prior to. This is -- this is what was brought 23 up from the other location. 24 Q From the old Dollhouse? 25 A The old Dollhouse, correct?</p> <p style="text-align: right;">[Page 62]</p>	<p>1 clubs in the area, friends, associates, people 2 that I know that go to other clubs and I ask them. 3 So what's -- what are they charging for a dance in 4 the back? And, you know, what's the girls 5 charging for a -- a V.I.P. room, you know, so...</p> <p>6 Q So are these prices pretty consistent 7 with your impression of the market, generally? 8 A Yeah, and it kind of coincides also 9 with the fact that we -- we're trying to create a 10 minimum for our guests to adhere to. 11 Q Uh-huh. If you observed in other 12 places in the country that the prices were going 13 up, would you then advise Crazy Horse that they 14 should also increase their minimum prices? 15 A Well, what I would probably advise is, 16 if it's not broke, don't fix -- you know, don't 17 fix it. So what the rest of the country does 18 doesn't really reflect on what we do. It's really 19 what our true market is, and there's only a 20 handful of clubs. Because we are a unique market 21 due to the fact of our fluctuation of traffic with 22 visitors to the beach. 23 Q Uh-huh. The club also has a system 24 where it sells artificial currency, right? 25 A It's --</p> <p style="text-align: right;">[Page 64]</p>
<p>1 Q And -- and from your perspective and 2 the brand's perspective, this is a -- a good way 3 to run -- to run these private areas is -- is this 4 structure?</p> <p>5 A Well, again, this is a suggested 6 minimum -- 7 Q Uh-huh. 8 A -- to protect the entertainer. It's a 9 guideline for the guest to know, hey, look, if I 10 come back here, I'm going to expect to at least 11 pay this amount. 12 Q Uh-huh. 13 A But if the entertainer wants to charge 14 500 dollars for her 15 minutes of time, go for it. 15 I just -- that's her prerogative. 16 Q Uh-huh. 17 A But we feel that we don't we don't want 18 an entertainer to be cheated out of her time by a 19 guest who's going to give below this amount based 20 on the time and the market analysis and of what -- 21 what the average is. 22 Q Who -- who's looking at the -- the 23 market and, you know, what other clubs are doing 24 to make sure that this is -- 25 A I observe other markets, other -- other</p> <p style="text-align: right;">[Page 63]</p>	<p>1 Q And -- 2 A It's certificates. 3 Q Well, and -- what -- what are those 4 called in the club? What's the terminology? 5 A We -- in the club, they're called 6 golden dollars. 7 Q Okay. What -- do you have a term that 8 you use in the industry to refer to that system? 9 A I call them golden dollars. 10 Q Okay. If a customer want's the golden 11 dollars, where does he go to get them? 12 A We have an area -- we have an area that 13 controls -- they're in-house certificates. 14 They're only good there. 15 Q Uh-huh. 16 A And they're redeemable there. 17 Q Uh-huh. 18 A So if the guy's light on cash, he can 19 buy some certificates, and he can tip entertainers 20 for them and bartenders, waitresses. Hell, he can 21 give his buddy money. 22 Q So is it true that when a customer is 23 going to purchase, say, a hundred of these 24 certificates -- a hundred, you know, whatever the 25 unit is --</p> <p style="text-align: right;">[Page 65]</p>

[17] (Pages 62 to 65)

<p>1 A Uh-huh.</p> <p>2 Q -- is it true he has to pay a ten</p> <p>3 percent premium in order to get those?</p> <p>4 A Well, it's -- it's -- well, I wouldn't</p> <p>5 call it a premium, but it's a -- it's a</p> <p>6 convenience fee --</p> <p>7 Q Uh-huh.</p> <p>8 A -- to have it available for them to use</p> <p>9 as a method to tip.</p> <p>10 Q And it's ten percent, correct?</p> <p>11 A It is ten percent.</p> <p>12 Q So if the customer wants a hundred</p> <p>13 certificates, he'll pay 110 dollars in U.S. money</p> <p>14 on his card, right?</p> <p>15 A Yes.</p> <p>16 Q Okay. When the certificates are given</p> <p>17 to dancers and other employees in the club, and</p> <p>18 they want to redeem it with the club in order to</p> <p>19 get real money back, is there also a ten percent</p> <p>20 discount that the club uses?</p> <p>21 A Oh, we -- we buy back at ten percent</p> <p>22 less of the certificate face value.</p> <p>23 Q Okay. And is that system something</p> <p>24 that you had any involvement in implementing?</p> <p>25 A That's been in existence in</p> <p style="text-align: right;">[Page 66]</p>	<p>1 the available. A t-shirt, a hat, a golf towel,</p> <p>2 golf balls with the logo insignia on it.</p> <p>3 Q Who -- who makes sure that you have a</p> <p>4 supply of that at the club?</p> <p>5 A Well, I get involved with that a little</p> <p>6 bit. Basically, the house moms do a physical</p> <p>7 count of what's in the property, and then I'll --</p> <p>8 they'll text that to me, and then I'll forward</p> <p>9 that to the manufacturer, then they'll -- and --</p> <p>10 and embroiderer, and then they'll resupply the --</p> <p>11 the par.</p> <p>12 Q Okay. So that's -- that is actually</p> <p>13 one of the things you do in you're consulting is</p> <p>14 you make sure they have these promotional items</p> <p>15 available?</p> <p>16 A And they'll text it to me, and I'll do</p> <p>17 it. I mean, if I'm not there, Laura will do it</p> <p>18 or, you know, mostly -- yeah, Laura -- Laura will</p> <p>19 take of it.</p> <p>20 Q Now, they have the -- Thee Dollhouse</p> <p>21 trademark on them, right?</p> <p>22 A Uh-huh.</p> <p>23 Q So to the extent that Crazy Horse is</p> <p>24 buying these products --</p> <p>25 A Uh-huh.</p> <p style="text-align: right;">[Page 68]</p>
<p>1 the Dollhouses for 30 some years -- or 20 or 25 --</p> <p>2 '85, now, it soon will be 30 years.</p> <p>3 Q Have these ten percent, you know,</p> <p>4 convenience charges, have they always been ten</p> <p>5 percent or have that -- has that rate fluctuated?</p> <p>6 A To my knowledge, it's always been ten.</p> <p>7 Q Who would decide to change that if</p> <p>8 anyone was going to change it?</p> <p>9 A Probably the owners of the club.</p> <p>10 Q Are they called golden dollars at</p> <p>11 Thee Dollhouse in Tampa or just this --</p> <p>12 A I think so. I think so. They don't</p> <p>13 have anything to do. They're not interchangeable</p> <p>14 or --</p> <p>15 Q Right.</p> <p>16 A -- anything. It's only in-house at</p> <p>17 that specific location, a redeemable certificate.</p> <p>18 Q Right. Now, is it true that the club</p> <p>19 also -- Thee New Dollhouse here -- is it true that</p> <p>20 they have some promotional items that they'll sell</p> <p>21 to customers?</p> <p>22 A Okay. Repeat that question?</p> <p>23 Q Does the club sell any sort of</p> <p>24 promotional items to its customers?</p> <p>25 A We have the available -- the club has</p> <p style="text-align: right;">[Page 67]</p>	<p>1 Q -- for sale, that's something that's</p> <p>2 governed by the licensing agreement, correct?</p> <p>3 A The branding license agreement, yes.</p> <p>4 Q Okay. So they're -- obviously, they're</p> <p>5 authorized to sell this merchandise by</p> <p>6 Michael J. Peter, right?</p> <p>7 A With the brand name on it, yes.</p> <p>8 Q Okay. Does the -- does the club have</p> <p>9 any sort of system where along with the purchase</p> <p>10 of one of these promotional items, the customer</p> <p>11 will get a dance of some kind from a dancer?</p> <p>12 A We -- well, the club periodically</p> <p>13 through the night will have all participating</p> <p>14 entertainers that want to participate come up,</p> <p>15 grab the promotional item, come down across the</p> <p>16 stage, and they can ask the gentleman if they'd</p> <p>17 like -- and generally that's done with what we</p> <p>18 call a two-for-one dance. So the entertainer will</p> <p>19 give a guest a price, whatever that price is in</p> <p>20 the back, and deem it as half price. Along with</p> <p>21 that, that guest can receive a promotional item</p> <p>22 from the club.</p> <p>23 Q So when the D.J. -- is -- is it the</p> <p>24 D.J. who sort of coordinating this process?</p> <p>25 A Yeah, via the microphone to the guests.</p> <p style="text-align: right;">[Page 69]</p>

[18] (Pages 66 to 69)